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File A-6

20 May 1952

To: Chief, SR

SECURITY INFORMATION

From: Chief, SR/W

Subject: Summary and Evaluation of the Relationship of the NTS to CIA

1. Recent developments have made it necessary for this Branch to review the feasibility of continuing joint operations with the NTS (National Workers Union). Since this Branch is but one of four parties in the Agency concerned with NTS, an accurate evaluation requires a review of all four viewpoints.

2. The background of the relationship can be reviewed briefly.

Background

Initial contact between this agency and NTS took place in May 1950 through support of NTS's anti-Soviet newspaper, Possev, which is published in Germany and distributed both overtly in Western Germany and covertly in Eastern Germany among Red Army personnel. NTS was not aware at the time that funds were supplied by a U. S. government source.

Upon further appraisal of the NTS's operational potential and organization, this agency decided to contact NTS to discuss support of its overt and covert activities.

A joint project was drawn up by OPC/OSO for the exploitation of NTS and on January 6, 1951, our case officer, [] arrived in Germany to contact NTS leaders.

After further investigation of NTS and after several meetings with their leaders under cover, [] became convinced that we could work securely and to advantage with NTS and made his AIS connections known in March 1951 to the members of the Secret Staff of NTS. They heartily welcomed the idea of cooperating with the AIS and almost immediately presented [] with an operational plan known as Petya-8.

Operational Background of NTS

At the time [] contacted NTS, the group had engaged in the following types of anti-Soviet operations from Germany:

1. Had published anti-Soviet propaganda in its party newspapers, pamphlets, etc. Since 1947, whenever the opportunity presented itself, NTS distributed anti-Soviet literature among Soviet personnel in the Eastern Zone through the medium of German nets it supported and partially controlled.

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2. A few leaflet operations had been carried out by NTS members in Austria, usually under the sponsorship of the U. S. CIC.

3. In February 1951, NTS began to broadcast "black propaganda" beamed at the Red Army in Eastern Germany and in the Satellites, from a station it owned and operated in the British Zone (station is now located in the U. S. Zone).

4. NTS claims to have established agent networks in the USSR during World War II in the wake of the invading German Army.

NTS Operational Plan - Petya-8

Petya-8 consisted primarily of three operational plans. They may be described as follows:

SPAIN: This operation called for an expansion and intensification of the covert distribution of anti-Soviet literature in the Eastern zones of Germany and Austria. The primary target of this propaganda was to be Soviet military personnel stationed in Germany and Austria. The goal, of course, being to subvert in place and defect as many Soviet military personnel as possible, with the ultimate hope of creating agent nets capable of penetrating the territory of the USSR.

RADIO: This program called for the support of the present $\frac{1}{2}$ kw station already in operation. In addition to this, support was asked for the construction of two other stations ($\frac{1}{2}$ kw) and one 2kw station as well as mobile radio transmitters to be used along the border.

CACCOLA 1: NTS proposed an agent penetration program which envisions the use of NTS members supported and controlled jointly by NTS and AIS. NTS desired a joint operation with AIS in every sense of the word. They wished to participate on an equal basis with us in the training program, in mission planning and in briefing and debriefing. Our position regarding agent operations was however, that NTS would be responsible for motivation and morale of agents and, while we would welcome advice and assistance from them in training and operations, final responsibility for all technical aspects of training and operations, including security and communications, rests with us.

We agreed that for all other operations, such as leaflet dissemination and clandestine radio activities, NTS would have responsibility for both effectiveness of operations and security; we would offer guidance and active assistance when we considered such to be necessary.

Within this general framework, the following specific conditions would apply to agent training. The NTS Secret Staff would (1) participate in making general arrangements for agent operations (2) be responsible for agent recruitment (3) be expected to submit data on target possibilities from which actual targets will be selected (4) be consulted on any basic changes in the agent program, and (5) be isolated from knowledge of specific details of operations, such as actual targets, times of dispatch, etc.

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To offset the fifth condition, it was agreed that one member of the Secret Staff would be allowed full cognizance of operational details.

3. Results of the agent penetration program in Germany may be summarized as follows. Three agents have been trained and dispatched with the aid of three NTS instructors. The bulk of the training and not a small share of the motivation was supplied by AIS case officers. The contribution of the NTS consisted of:

- a) supplying four agent candidates, one of whom was dropped for incompetence, and two of whom were definitely "srednye" types because of apparent deficiencies in their characters.
- b) supplying three NTS instructors, one of whom was fairly good, one just fair, and the other an obstructionist who has to be eliminated altogether.
- c) a small but excellent series of tradecraft lectures (transcribed) from the NTS cadre school.
- d) Seven new agent candidates have been presented to us in Frankfurt for our consideration and assessment. No report has been received on these as yet.

4. CACCOLA 1 expenses to date are April 19, 1960

5. Leaving CACCOLA 1 for a minute, let us turn to the psychological warfare operations of the NTS embodied in the project SPAIN. Results to date have been:

- a) Distribution of undetermined number of anti-Soviet leaflets behind the Sov Zone in Austria and Germany.
- b) Build up of agent nets.
- c) Recent defectors had been influenced by NTS propaganda and one was directly induced to defect by the NTS.

Amount expended to date for projects SPAIN and RADIO has been \$100,000.

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6. Regarding Operation WARKNACK (AE-BONUS), the mission was aborted at the last minute due to NTS obstructionist tactics.

a. Results of an intensive agent recruitment done by Stazevich and Shulgin produced nothing ~~worthwhile~~

8. In all of these operations we have disclosed in many cases more of our operational techniques and assets than we would like to. This leads into the subject of CE. Theoretically the NTS could be penetrated from top to bottom. Of the four men who comprise the "Secret Staff" and who are privy to most of NTS secret operations, if not all, only one has been carriaged by us. That man is responsible for the implementation of both the agent penetration program and psychological warfare operations and supposedly has never leaked the details of these operations to anyone else and for that matter, members of the Secret Staff. To be best of our knowledge, he has never been re-carriaged on this score.

9. While NTS claims to practice the principles of compartmentalization and "need-to-know" in disseminating sensitive information internally, so far no way has been found to check how securely their system operates.

10. It must be assumed that NTS has been penetrated to some degree by the RIS. Opportunities for penetration present themselves through the recruiting program, the cadre school, the distribution network and radio.

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Recommendations

1. Continued support of the leaflet distribution operations of the NTS in Germany and Austria provided NTS will permit AIS increased control over the operation.
2. Continued support of the SPAIN/Berlin operation provided increased control by AIS is permitted.
3. Before proceeding with the NTS in any more agent penetration operations it must be clearly understood that:
 - a) A detailed CE study of the agent program must be done. In order for this study to be successful, the cooperation of the NTS will be required, i.e. they must supply us with detailed biographic information on their recruiters, cut-outs, etc.
 - b) No agent candidate will be accepted for training unless he meets the highest qualifications of this division.
 - c) AIS will not tolerate the introduction of new NTS supervisory personnel or programs that might conflict with any AIS goals.
 - d) We want it definitely recognized that no one in the NTS or for that matter no one except the AIS personnel directly concerned will know the target plan, the date of dispatch, DZ, etc. Okolovitch ^{RECEIVE ORAL PARAPHRASES} will be entitled to ~~copies~~ of operational messages but we cannot permit section 5 f of the November protocol to stand. This clause permits the Director of the CACCOLA 1 school to direct the mission in the event of an emergency. The complete direction of the mission must be in our hands.

The above also refutes section 5 a of the same protocol which states that "Before dispatch a CACCOLA 1 agent is given operational

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instructions jointly by CAPABLE 1 and ZACABAL with the single exception that in some rare cases ZACABAL separately gives the CACCOLA 1 agent further secret information which is necessary to his mission, and which can be given only by the person directly concerned."

4. In order to achieve the minimum control necessary over NTS operations, Headquarters will have to obtain a great deal of information from the field than heretofore. For example, assessment reports on agents will have be more detailed as well as information on recruiting procedures for CE evaluation here.

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